

Message Text

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PAGE 01 STATE 161766
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INFO OCT-01 ARA-14 ISO-00 STR-04 EB-07 /026 R

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R 121914Z JUL 77
FM SECSTATE WASHDC
TO AMEMBASSY CARACAS

UNCLAS STATE 161766

E.O. 11652: N/A

TAGS: ETRD, VE

SUBJECT: REPORTED DUTY INCREASE AND OTHER RESTRICTIONS
AFFECTING PEPSI CONCENTRATE

THROUGH EDWIN F. RAINS, ITS WASHINGTON REPRESENTATIVE,
PEPSI COLA COMPANY HAS SOLICITED INFORMATION ON REPORTED
INCREASE IN IMPORT DUTY ON CONCENTRATE USED IN MANUFACTURE
OF PEPSI-COLA. ACCORDING RAINS, FORMER DUTY OF 1 PERCENT
AD VALOREM INCREASED TO 35 PERCENT AD VALOREM. IN ADDI-
TION, VENEZUELNDANS REPORTEDLY ARE NOW CALCULATING AD
VALOREM DUTY ON BASIS OF GOV-DETERMINED PRICE OF DOLLARS
418.77 PER UNIT OF CONCENTRATE (I.E., QUANTITY SUFFICIENT
TO MAKE 1,200 CASES, EACH CONTAINING 24 TO DD12 OZ
BOTTLES). FORMERLY, AD VALOREM DUTY WAS DETERMINED ON
BASIS OF ACTUAL SALE PRICE OF DOLLARS 343.25 PER UNIT.
IN ADDITION, COMPANY UNDERSTANDS THAT DUTY ON IMPORTED
CONCENTRATE WILL NOT BE RECOGNIZED AS LEGITIMATE BUSINESS
EXPENSE FOR PURPOSE OF VENEZUELAN TAX LAWS.

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EMBASSY IS REQUESTED TO DETERMINE WHETHER THESE REPORTED
CHANGES HAVE IN FACT BEEN MADE AND, IF SO, REASON FOR THE
CHANGES. IF TRUE, WERE THESE ACTIONS DIRECTED ONLY AT
SOFT DRINK CONCENTRATES OR DO THEY AFFECT OTHER IMPORTED
GOODS. A LIST OF GOODS AFFECTED, AND A COPY OF THE DEGREE

IMPLEMENTING THESE CHANGES IS REQUESTED. WHY ARE IMPORT
DUTIES NOT REGARDED AS LEGITIMATE BUSINESS EXPENSE UNDER
VENEZUELAN TAX LAW? EMBASSY ALSO REQUESTED TO TAKE ANY
STEPS THAT IT CONSIDERS APPROPRIATE TO OBTAIN AN AM-SELIO-
RATION OR RESCINDING OF THE EFFECT OF THESE MEASURES. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
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Concepts: CUSTOMS DUTIES
Control Number: n/a
Copy: SINGLE
Sent Date: 12-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Handling Restrictions: n/a
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